

§ 3214.12

§ 3214.12 What activities must my bond cover?

Your bond must cover:

- (a) Any activities related to exploration, drilling, utilization or associated operations on a Federal lease;
- (b) Reclamation of the surface and other resources;
- (c) Royalty payments; and,
- (d) Compliance with the requirements of 43 CFR 3200.4.

§ 3214.13 What is the minimum dollar amount required for a bond?

The minimum bond amount differs depending on the type of activity you are proposing and whether your bond will cover individual, statewide or nationwide activities. The minimum dollar amounts and bonding options for each type of activity are found in the following regulations:

- (a) Exploration operations—see 43 CFR 3251.15;
- (b) Drilling operations—see 43 CFR 3261.18; and,
- (c) Utilization operations—see 43 CFR 3271.12 and 43 CFR 3273.19.

§ 3214.14 May BLM increase the bond amount above the minimum?

(a) We may increase the bond amount beyond the minimums referenced in 43 CFR 3214.13 when:

- (1) We determine the operator has a history of noncompliance;
- (2) We previously had to make a claim against a surety because any one person who is covered by the new bond failed to timely plug and abandon a well and reclaim the surface;
- (3) MMS has notified BLM that a person covered by the bond owes uncollected royalties; or
- (4) Our inspection of the property determines that the bond amount is too low to cover the estimated reclamation cost.

(b) We may increase bond amounts to any level, but we will not set that amount higher than the total estimated costs of plugging wells, removing structures, and reclaiming the surface, plus any uncollected royalties due MMS or monies owed to BLM due to previous violations.

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§ 3214.15 What kind of financial guarantee will BLM accept to back my bond?

We will not accept cash to back a bond. We will only accept:

- (a) Corporate surety bonds, provided that the surety company is approved by the Department of Treasury (see Department of the Treasury Circular No. 570 which is published in the FEDERAL REGISTER every year on or about July 1); and
- (b) Personal bonds, which are secured by a cashier's check, certified check, certificate of deposit, negotiable securities such as Treasury notes, or an irrevocable letter of credit (see 43 CFR 3214.21 and 3214.22).

§ 3214.16 Is there a special bond form I must use?

Use a BLM-approved bond form (Form 3000–4, or Form 3000–4a, June 1988 or later editions) for either a corporate surety bond or a personal bond.

§ 3214.17 Where must I submit my bond?

File personal or corporate surety bonds and statewide bonds in the BLM State Office which oversees your lease or operations. You may file nationwide bonds in any BLM State Office. File bond riders in the BLM State Office where your underlying bond is located. For personal or corporate surety bonds, file one originally signed copy of the bond.

§ 3214.18 Who will BLM hold liable under the bond and what are they liable for?

We will hold all interest owners in a lease jointly and severally liable for compliance with the requirements of 43 CFR 3200.4 for obligations that accrue while they hold their interest. Among other things, all interest owners are jointly and severally liable for:

- (a) Plugging and abandoning wells;
- (b) Reclaiming the surface;
- (c) Paying compensatory royalties assessed for drainage; and
- (d) Paying rent.